

VZCZCXRO2348  
OO RUEHCHI RUEHDT RUEHHM RUEHNH  
DE RUEHBK #2009/01 2260830  
ZNY CCCCC ZZH  
O 140830Z AUG 09  
FM AMEMBASSY BANGKOK  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 7884  
INFO RUCNASE/ASEAN MEMBER COLLECTIVE PRIORITY  
RUEHBJ/AMEMBASSY BEIJING PRIORITY 7320  
RUEHBY/AMEMBASSY CANBERRA PRIORITY 9850  
RUEHUL/AMEMBASSY SEOUL PRIORITY 5670  
RUEHKO/AMEMBASSY TOKYO PRIORITY 1800  
RUEHCHI/AMCONSUL CHIANG MAI PRIORITY 6857  
RUEKJCS/SECDEF WASHINGTON DC PRIORITY  
RHHMUNA/CDR USPACOM HONOLULU HI PRIORITY  
RUEAIIA/CIA WASHINGTON DC PRIORITY  
RHEHNSC/NSC WASHINGTON DC PRIORITY  
RUEKDIA/DIA WASHINGTON DC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 04 BANGKOK 002009

SIPDIS

STATE FOR EAP/MLS, NSC FOR BADER

E.O. 12958: DECL: 08/13/2019

TAGS: [PGOV](#) [PREL](#) [ECON](#) [KDEM](#) [TH](#)

SUBJECT: ABHISIT, S SIX MONTH CHECK-UP: STAYIN ALIVE,

REF: A. BANGKOK 1980 (SOUTHERN THAILAND)  
[1](#)B. BANGKOK 1817 (AMBASSADOR MEETS WITH REDSHIRTS)  
[1](#)C. BANGKOK 1265 (POLITICAL ROUNDUP)  
[1](#)D. BANGKOK 1157 (POLITICAL IMPASSE)  
[1](#)E. BANGKOK 841 (ABHISIT AT 100 DAYS)

BANGKOK 00002009 001.2 OF 004

Classified By: AMBASSADOR ERIC G. JOHN, REASON: 1.4 (B) AND (D).

SUMMARY AND COMMENT

-----  
[1](#)1. (C) Defying the longevity projections of seasoned Thai political handicappers everywhere, Prime Minister Abhisit Vejjajiva recently marked the six-month point in his tenure by mounting a public defense of his administration's record to date. Abhisit expressed optimism that his government had successfully negotiated the worst of Thailand's economic travails, highlighted more than 100 of his government's signature achievements, and vowed to tackle the seemingly intractable social and political cleavages that have hampered his every initiative. He also conceded that progress in dealing with the South had been slow and promised to reinvigorate his efforts on that front. Given the disastrous political and economic hand that Abhisit was dealt, however, most neutral observers would agree that not only has Abhisit done well simply to survive six months in office, but he has also steadied a faltering economy, stared down numerous political challenges, and said the right things about handling the South and tackling corruption.

[1](#)2. (C) Comment: Notwithstanding Abhisit's most impressive accomplishment to date -- surviving more than six-months in office -- serious challenges lie in wait at every turn. These challenges will command Abhisit's constant attention and possibly imperil his chances of successfully negotiating his way through another six-months in office, though most pundits now predict new elections sometime in 2010. The political challenges alone are formidable. Former Prime Minister Thaksin Shinawatra's Puea Thai party will maintain its dogged political opposition to Abhisit's every move, while his "red-shirts" keep the public pressure on Abhisit through street protests and other tactics. Meanwhile, dissension within his own Democrat Party -- not to mention deep-seeded problems with his governing coalition's political partners -- only serves to accentuate the fragility of his political standing. Abhisit's weak political footing will

continue to hamper his efforts to deal with the seemingly never-ending political problems, stabilize Thailand's export-driven economy, and address the restive south, all while trying to maintain positive relations with the military. In other words, Abhisit may have survived in office longer than most analysts projected, but no one is uncorking champagne or taking anything for granted. Serious work remains to be done; how much time he has in office is an open question. End Summary and Comment.

#### THE FIREFIGHTER IN CHIEF'S ASSESSMENT

-----

¶3. (SBU) During an August 6 performance review of his first six months in office, belatedly delivered nearly eight months after his December 17, 2008 election by parliament, Abhisit compared his early responsibilities to those of a firefighter charged with protecting a nation awash in flames. Seeking to underscore the turbulent nature of his tenure, Abhisit argued metaphorically that his government had initially focused on evacuating the Thai citizenry from the flames, and would now be able to turn its attention to extinguishing the fire and rebuilding the country. In Abhisit's estimation, the government had cushioned Thailand from the full impact of the economic downturn while simultaneously weathering several political challenges and registering over 100 policy achievements.

¶4. (SBU) Turning to the policy achievements, Prime Minister Abhisit pointed to free compulsory education as one of his government's signature accomplishments, before citing monthly stipends for senior citizens and favorable pricing schemes for Thai agricultural products as other notable initiatives. In Abhisit's view, these policy achievements demonstrated

BANGKOK 00002009 002.2 OF 004

that the government had effectively delivered on its promise to improve life for the average Thai citizen by buttressing the social safety net.

#### THAKSIN AND THE REDSHIRTS LURKING

-----

¶5. (C) Progress continues to be elusive however, in Abhisit's quest to heal the long-standing societal and political rift that has beset Thailand since the 2006 coup. Despite Abhisit's best intentions, this dynamic is not likely to change any time soon either, at least until questions about a looming royal succession are fully resolved. During anti-government protests by the anti-government United Front for Democracy against Dictatorship (UDD -- aka "redshirts") in April, fugitive former Prime Minister Thaksin Shinawatra incited his supporters via video link. On April 9, Thaksin called for "the last revolution of the country to root out all the elite members who are behind the coup of 2006," and he stated: "The power of the people is paramount. There must be no other power beyond the power of the people any more." (Ref C)

¶6. (C) While Thaksin has been more rhetorically subdued since his red-shirts rioted in Pattaya and Bangkok in mid-April, his overriding objective remains the same: keep the Abhisit administration off balance by any means necessary. In the latest manifestation of Thaksin's single minded determination towards this end, Thaksin and his proxies have orchestrated a massive signature gathering petition campaign seeking royal amnesty for Thaksin (Ref B). Media reports suggest this campaign has already netted several million signatures, and redshirt organizers plan to deliver the signatures to the Office of the King's Private Secretary on August 17.

#### WITH FRIENDS LIKE THESE..

-----

¶7. (C) Unfortunately for Abhisit, the news doesn't get much better within his own party, or among his governing coalition

"allies." Maintaining the delicate political balance that put Abhisit in power has increasingly become an exercise in triage, and each day brings new challenges and exposes additional signs of disunity. In recent weeks alone, a handful of parliamentarians from his Democrat party have taken Abhisit to task on policy prerogatives, publicly airing the growing internal party dissension along the way. The damage is not isolated to his own party either, as coalition party members have become increasingly bold in their own public critiques, a strong sign that the alliance has not proven as lucrative as some would have hoped. Even the red-shirt's anti-Thaksin counterpart in the streets -- the yellow-shirted People's Alliance for Democracy (PAD) -- has chosen to part ways with Abhisit and the Democrats by forming their own political party. While this break may ultimately prove to be a net plus for the Democrats in as much as it allows Abhisit and company to maintain a safe distance from the 2008 occupation of Government House and Bangkok's airports, the new party will undoubtedly pull votes away from the Democrats (Ref C).

#### THE ECONOMY - NOT BAD

18. (C) By almost any objective measure, the Abhisit administration has done a solid job navigating very difficult economic terrain. Shortly after assuming office, Abhisit's economic team energetically pitched its stimulus plan to foreign investors. At the same time, they broadened many of the populist policies of previous governments -- including a new 2000 baht (\$60) giveaway to every citizen enrolled in the national social security program -- as part of a stimulus package the government pushed through parliament. A recent confab of university economists awarded the government a "7 out of 10" for the efficiency with which the stimulus package has already been absorbed into the economy and its success in minimizing the unemployment rate growth rate. The government also deserves credit for its management of the financial sector, which learned its lesson during the 1997 economic crisis and avoided the "toxic" derivatives that weakened

BANGKOK 00002009 003.2 OF 004

banks elsewhere, thereby keeping Thai financial institutions in relatively good shape.

19. (C) In spite of Abhisit's best efforts, the economy has continued to falter however, due in large measure to a heavy reliance on exports. Exports account for approximately 70 percent of GDP and have fallen nearly 20 percent. As a result, conventional wisdom holds that until the global markets recover, Thailand's stimulus efforts will have a relatively limited impact. Many Thai are also worried about the debt that the government is accruing in an effort to keep the economy afloat until developed economies recover. In fact, the government had already skirted constitutionally-mandated limits on the amount of public debt it could take on before it recently secured approval to fund long-term infrastructure projects that will further encumber the government with debt.

110. (C) On the trade and investment climate front, there has been more vigorous IPR enforcement, highlighted by raids on retail and manufacturing operations. Abhisit's administration has also said that it is studying the Foreign Business Act with an eye on expanding foreign business opportunities, though few concrete steps have been taken in that direction thus far. In an encouraging sign of progress in the corruption fight, the entire (crooked) Thai Airways board was replaced, and Abhisit has elsewhere fought to relieve the government from over-priced contractual obligations. Longstanding customs issues have emerged with renewed vigor, however, with threats of ludicrously high penalties (hundreds of millions of dollars) routinely levied at prominent foreign companies such as Amway, BMW and various Japanese car makers. To date foreign embassies have successfully lobbied policy-makers from allowing these

threats from going forward. On balance, the overall economic track record is positive, though we suspect Abhisit's government would have enjoyed greater success without the constraints imposed by coalition partners with control over key ministries and bent on securing their own economic interests.

#### ABHISIT AND THE MILITARY

-----

¶11. (C) By all appearances, Abhisit has managed relations with the military during his first six months more successfully than either of his two immediate predecessors - Samak Sundaravej and Somchai Wongsuwan. Both Samak and Somchai often appeared to be alternatively either at odds with, or uncommonly deferential to the military. The Abhisit administration has had its share of challenges in managing relations with the military, particularly over southern policy. April protests by the reds in Pattaya forced the embarrassing cancellation of an ASEAN Summit and highlighted issues with civilian command and control of security forces. At the time, there was speculation that Abhisit was in danger of losing his power when red protests spread through Bangkok and seemed to expose the government's inability to maintain control. However, the subsequent show of force by the military April 13 in dispersing the protesters immediately enhanced Abhisit's standing.

¶12. (C) In terms of the ongoing border dispute with Cambodia, the military's actions appear to be well-coordinated with the government. In a further sign of good relations, the Army accepted a significant budget reduction without protest. That said, the controversy over the ongoing investigation into the attempted assassination of PAD leader Sondhi Limthongkul, with a number of active duty special forces implicated (septel) could yet test the limits of this largely amicable relationship.

¶13. (C) The biggest exception to this dynamic is with respect to southern policy. To his credit, Abhisit singled out the southern situation as a top priority shortly after assuming office. He spearheaded a plan to reinvest civilian officials with authority over the southern insurgency, and is investigating the possibility of lifting the draconian security laws that allow security forces to detain and hold suspects without charges or trial. He also launched a

BANGKOK 00002009 004.2 OF 004

"Southern Cabinet" to oversee relevant budget and policy issues, vowed to establish a new organization with overall responsibility for the south, and asked deputy Democrat Party leader Kraisaak Choonhaven to engage in confidential discussions with separatists facilitated by the Henri Dunant Centre in Jakarta (Ref A). In addition, the PM signaled he would consider a special administrative zone in southern Thailand to deal with issues of governance, and noted that he would entertain the possibility of "peace talks" to end the violence.

¶14. (C) Unfortunately, none of Abhisit's initiatives has translated into any visible change on the ground yet, and army resistance in particular will be difficult to overcome, given the national challenges faced in Bangkok. In late June, Army Commander General Anupong Paochinda pointedly noted in press statements that the political aspects of Abhisit's strategy extended only as far as economic development and education; there would be no discussions with insurgents, he stated. Furthermore, Democrat Party SecGen and DPM Suthep, focused on coalition management, the red-shirt challenge, and maintaining relations with the army, seems to side with Anupong against Abhisit's apparent willingness to take bolder steps.

JOHN